VSP to BIFR

*246. SHRI P. PRABHAKAR REDDY: Will the Minister of STEEL be pleased to state:

(a) whether Government's attention has been drawn to the news item Visakha Steel Plant ready to go to BIFR appearing in the New Indian Express dated 6th January, 2000;

(b) if so, the reaction of Government thereto;

(c) what steps have been taken to prepare a turn around plan for the company;

(d) whether any effort has been made so far to find a strategic partner with 51% equity and if not, the reasons therefor; and

(e) whether an effort is proposed to be made now?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a)Yes; sir.

(b) to (e) Rashtriya Ispat Nigam Ltd. (RINL), Visakhapatnam Steel Plant (VSP) had submitted a comprehensive turn around proposal for its revival which inter-alia included writing off of losses. The Disinvestment Commission has recommended writing off of the entire accumulated losses of the company i.e. Rs. 4065.30 crores as on 31.3.1999 alongwith disinvestment of not less than 51% of its remaining equity in RINL to a strategic buyer. The matter is under consideration of the Government. No final decision has yet been taken.

Opening of retail Trade Sector to FDI

†*250. SHRI E. BALANANDAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government are considering to open the retail trade sector to the Foreign Direct Investment;

(b) if so, whether Government are aware that the international retailers with thin financial muscle will edge out the small and family owned retailers, putting 50 lakh retailers and 250 lakh dependents into unemployment by effectively closing all the marketing channels for small and medium industries manufacturing consumer goods; and

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†Original notice of the question was received in Hindi.

(c) if so, the reasons for opening the retails trade sector to the FDI?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) No, Sir.

(b) and (c) Do not arise

Relaxation of FDI Rules

*251. SHRI GOVINDRAO ADIK: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that Government have taken a decision to relax the rule governing Foreign Direct Investment;

(b) if so, the details thereof; and

(c) the steps Government have so far taken or propose to take to save the economic environment of the country in case such investors abandon the contracts because of flexible labour policies and bankruptcy laws?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Government, in its commitment towards economic reforms, have announced the new Foreign Direct Investment (FDI) Policy thereby placing all items/activities under the automatic route for Foreign Direct Investment(FDI), Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except the following:

1. All proposals the require an Industrial Licence which include (i) the item requiring an Industrial Licence under the Industries (Development and Regulation) Act, 1951; (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and (iii) all items which require an Industrial Licence in terms of the locational policy notified by Government under the New Industrial Policy of 1991.
2. All proposals in which the foreign collaborator has a previous venture/tie-up in India. The modalities prescribed in Press Note No. 18 dated 14.12.1998 of 1998 series, shall apply in such cases.
3. All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.
4. All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor